**Question 1**

**Standard absorption cost per unit.**

Kelly Co. Processes corn into corn starch and corn syrup. The Company’s productivity and cost standards follow:

From every bushels of corn processed,12 pounds of starch and 3 pounds of syrup should be produced.

Standard direct labor and variable overhead totals $.42 per bushels of corn processed

Standard fixed overhead ( the predetermined fixed overhead application rate) is $.35 per bushels processed.

1. Calculate the standard absorption cost per pound for the starch and syrup produced from the processing of 15,000 bushels of corn if the average cost per bushel is $2.83
2. Evaluate the usefulness of this standard cost for management planning and control purposes.